

MISUMI Group Inc.
FY 2016 Consolidated Business Performance
—All-time High Sales and Profits for Sixth Consecutive Fiscal Year—

MISUMI Group Inc. announced today its consolidated results for FY2016 (April 1, 2016-March 31, 2017). Major performance measures are as follows.

(Million Yen)	FY2015	FY2016	YoY Change
Net Sales	240,139	259,015	+7.9%
EBITDA*	28,228	29,421	+4.2%
Operating Income	25,690	27,127	+5.6%
Net Income	16,907	18,387	+8.8%
Earnings per Share	¥61.65	¥66.94	

*Operating income before the amortization of goodwill and other intangible fixed assets associated with the acquisition of Dayton Lamina Corporation.

<Highlights for FY2016 consolidated financial results>

1. Consolidated net sales rose 7.9% YoY (14.6% growth on a local currency basis) reflecting sales increase in China and other parts of Asia, and the active deployment of the VONA Business.

- In FY2016, major economies around the world, including Japan, continued to generally trend slowly toward recovery. In the United States, the economy continued to rebound underpinned by consumer spending and inventory investments. In China, there were signs that economic growth had picked back up owing in part to benefits from various government policies and a strong increase in consumer spending. Meanwhile, at home there were indications that consumer spending and capital investments had bounced back. In addition, there was an improvement to corporate earnings and employment trends.
- Amid this economic environment, the MISUMI Group is leveraging its unique business, which encompasses both manufacturing and distribution operations, to expand its business infrastructure globally and contribute to manufacturing industry worldwide by eliminating customer inefficiency, while simultaneously accelerating business expansion. In an effort to address a new wave of manufacturing that positions IT at its core, we improved our competitive strength by continuing to implement Internet strategies. In addition, to expand our overseas sites, we strengthened our platform for short-term and reliable deliveries globally, by promoting local production, local procurement to provide

customers with optimal procurement. There was unfavorable impact from forex fluctuations, however, thanks to the aforementioned initiatives and other measures, our consolidated earnings growth was propelled by an increase in sales in the Factory Automation (FA) Business, where we benefitted from a rise in demand in the automotive industry and electronics industry, and growth in the VONA Business, which benefited from an increase in customer base underpinned by an expansion in the number of manufacturers for which we distribute products.

- In light of this, we achieved record highs for net sales and profits across the board. We posted consolidated net sales of ¥259.0 billion, a rise of 7.9% year-on-year (up 14.6% on a local currency basis). In the profit front, we recorded operating income of ¥27.1 billion, an increase of 5.6%, and ordinary income of ¥26.4 billion, a growth of 5.3%. Net income attributable to owners of the parent totaled ¥18.3 billion, an increase of 8.8%.

2. Growth continues centered around the VONA and FA Business

- Segment sales for the FY2016 are shown in the table below.

(Million Yen)	Net Sales (Million Yen)		YoY Change	
	FY2015	FY2016	¥ basis	Local currency basis
FA Business	76,369	84,669	+10.9%	+15.6%
Die Components Business	69,732	69,797	+0.1%	+9.1%
VONA Business	93,758	104,548	+11.5%	+16.2%
Adjustments (including cut-off errors)	279	—	—	—
Total	240,139	259,015	+7.9%	+14.6%

- In the FA Business, we posted segment sales growth of 10.9% year-on-year. There was unfavorable impact from forex fluctuations but this was eclipsed by an increase in sales, mainly in Japan, China, and other parts of Asia owing to the strengthening of our QCT (Quality, Cost, Time) model to capture brisk demand for automation.
- In the Die Components Business, segment sales edged up 0.1% versus the previous year. Sales momentum was brisk in China, other parts of Asia, and Europe, mainly attributable to the acquisition of demand for dies components used for new car models. However, growth was hindered in part by unfavorable forex impact.
- Product lineup at the VONA Business expanded. We now handle parts from 2,900 manufacturers, which boosted the total number of products we distribute to 17.5 million products. Consequently, segment sales expanded 11.5% compared with a year earlier, reflecting measures to expand sales, including the enhancement of our product lineup and progress in shortening delivery lead times.

3. Overseas sales driven by growth in China and other parts of Asia

- In FY 2016, sales by region are as follows.

	Net Sales (Million Yen)		YoY Change	
	FY2015	FY2016	¥ basis	Local currency basis*
Japan	128,938	140,301	+8.8%	—
Overseas*	111,200	118,713	+6.8%	+21.4%
China	38,567	43,401	+12.5%	+33.1%
Asia	28,824	32,637	+13.2%	+24.9%
US	27,129	25,794	-4.9%	+5.3%
Europe	12,115	12,588	+3.9%	+16.1%
Other	4,563	4,291	-6.0%	+9.6%

*To more accurately disclose our consolidated financial results, starting from the first quarter of FY2016, MISUMI (CHINA) PRECISION MACHINERY TRADING CO., LTD and our other 27 consolidated subsidiaries, which officially settle their accounts on December 31st of each year, will conduct a provisional book-closing on March 31, in line with our fiscal year, to facilitate our preparation of consolidated financial statements. Accordingly, we prepared our consolidated financial statements for FY2016 (April 1, 2016-March 31, 2017). Note that profits/losses posted in the January 1, 2016-March 31, 2016 quarter have been reflected as a change in retained earnings.

- In Japan, sales increased 8.8% year-on-year. This in part reflects our success in actively securing demand for automation and aggressively pursuing sales expansion in the VONA Business.
- Overseas sales, denominated in yen, rose 6.8% year-on-year, reflecting unfavorable forex impact. Meanwhile, on a local currency basis, sales improved 21.4%. In particular, we attained a high level of sales growth mainly in China, other parts in Asia, and Europe, as we actively secured new demand for manufacturing automation.

4. All-time high annual dividend per share of ¥16.71, a hike of ¥1.29

- MISUMI established its shareholder return policy by comprehensively taking into account various factors, including the expansion of its investments and management infrastructure, the strengthening of its balance sheet, and improvement of its capital efficiency, to realize sustainable growth and enhance corporate value.
- We set our payout ratio standard at 25% from the second half of FY2011. It is our policy to adhere to this standard for dividend payments in FY2016.
- Accordingly, we plan to payout a fiscal year-end dividend per share of ¥9.10, a hike of ¥1.5 year-on-year, to reflect our earnings performance in FY2016. Combined with the interim dividend per share of ¥7.61, a rise of ¥0.24, we plan to pay an annual dividend per share of ¥16.71, an increase of ¥1.29.

	Annual per-share Dividend					
	Interim		Year-end		Total	
	Yen	Payout Ratio	Yen	Payout Ratio	Yen	Payout Ratio
Prior Forecast	¥7.61	25.0%	¥8.62	25.0%	¥16.23	25.0%
FY2016 per-share Dividend	¥7.61	25.0%	¥9.10	25.0%	¥16.71	25.0%
FY2015 per-share Dividend	¥7.37	25.0%	¥8.05	25.0%	¥15.42	25.0%

5. Expect to attain another fiscal year of record high sales and profits in FY2017

- In the consolidated fiscal year ending March 31, 2018 (FY2017), we look to achieve our seventh consecutive fiscal year of record-high net sales and profits. Our goal is to expand the scale of our business operations. We aim to do so by expanding our product lineup and strengthening our cost competitiveness, and also by improving our global, reliable short delivery system.

FY2017 (April 1, 2017-March 31, 2018) consolidated earnings forecast

	Net Sales	Operating Income	Ordinary Income	Net Income	Earnings per Share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Full-year Forecast	290,000	31,700	31,100	21,600	78.39
FY2016 Results	259,015	27,127	26,462	18,387	66.94
Change	+12.0%	+16.9%	+17.5%	+17.5%	—

[Notes regarding forward-looking statements]

The outlook for the fiscal year ending March 31, 2018 and the forward-looking statements in this document have been prepared on the basis of information available at the time of preparation. This includes the domestic and foreign economic climate, changes in foreign exchange rates for various currencies, and other factors that may affect business performance, that have been determined to be reasonable by MISUMI Group Inc. as well as risks and uncertainties. In light of this, please refrain from making investment decisions solely on the basis of this outlook. Actual business performance may differ greatly from this outlook due to various factors that affect MISUMI Group Inc., including economic climate, market trends and exchange rates.

Please refer to our quarterly earnings results report for details on consolidated earnings results for the fiscal year ended March 31, 2017.

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